

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0081

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 1997)

Docket No. R97-1

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS JOSEPH D. MOELLER
(OCA/USPS-T36-15-18)
August 8, 1997

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA interrogatories 1-7 to the United States Postal Service dated July 16, 1997, are hereby incorporated by reference.

Respectfully submitted,



GAIL WILLETTE

Director

Office of the Consumer Advocate



SHELLEY S. DREIFUSS

Attorney

OCA/USPS-T36-15. Please confirm that, under the rates you propose, a Standard A Regular Presort non-letter size piece subject to the 10-cent residual shape surcharge will experience the following percentage increase in rates currently paid:

- a. for piece-rated mail, basic presort, a 31% increase (calculated as follows:
current rate paid is 30.6 cents; proposed rate applicable to surcharged mail is 30 cents plus 10-cent surcharge = proposed rate of 40 cents; $40 - 30.6 = 9.4$; $9.4 \div 30.6 \approx 31\%$).
- b. for piece-rated mail, 3/5-digit presort, a 51% increase (calculated as follows:
current rate paid is 22.5 cents; proposed rate applicable to surcharged mail is 24 cents plus 10-cent surcharge = proposed rate of 34 cents; $34 - 22.5 = 11.5$; $11.5 \div 22.5 \approx 51\%$).
- c. for pound-rated mail, basic presort piece rate, a 60% increase (calculated as follows: current rate paid is 16.6 cents; proposed rate applicable to surcharged mail is 16.6 cents plus 10-cent surcharge = proposed rate of 26.6 cents; $26.6 - 16.6 = 10$; $10 \div 16.6 \approx 60\%$).
- d. for pound-rated mail, 3/5-digit presort piece rate, a 142% increase (calculated as follows: current rate paid is 8.5 cents; proposed rate applicable to surcharged mail is 10.6 cents plus 10-cent surcharge = proposed rate of 20.6 cents; $20.6 - 8.5 = 12.1$; $12.1 \div 8.5 \approx 142\%$).
- e. Please reconcile the proposed rate increases listed in subparts a. - d., i.e., increases ranging from 31% to 142%, with your decision to “keep individual proposed rate

increases below 10 percent in the Regular and Enhanced Carrier Route subclasses in order to mitigate the impact of the increases.” USPS-T-36 at 17.

OCA/USPS-T36-16. Please confirm that the proposed rate of 18.9 cents for Standard A Regular Automation letters, basic presort, was developed by applying a discount of 5.8 cents to the proposed rate of 24.7 cents for non-automation basic presort letters.

- a. Also confirm that the 5.8-cent discount reflects your election of a 140-percent passthrough of the 4.1-cent cost differential between basic presort letters and basic automation letters. (WP1, page 12).
- b. Please confirm that if you had passed through only 100 percent of the 4.1-cent cost differential, a basic automation letter rate of 20.6 cents would result.
- c. Please confirm that a 20.6-cent rate for basic automation letters would be a 12.6-percent increase from the current rate of 18.3 cents.
- d. Please confirm that in PRC Op. MC95-1 at V-264, Table V-4, the Commission recommended a 100-percent passthrough for basic automation letters and rejected the Postal Service’s proposal to pass through 118.2-percent of the cost differential.
- e. Please confirm that the 80-percent figure discussed at USPS-T-36, page 18, line 11, refers to the determination to retain 80 percent of the current discount of 7.3 cents (i.e., the 25.6-cent basic presort letter rate minus the basic automation rate for letters of 18.3 cents), yielding a proposed discount in this case of 5.8 cents (your WP1, page 12).

OCA/USPS-T36-17. Please confirm that the proposed rate of 17.8 cents for Standard A Regular Automation letters, 3-digit presort, was developed by applying a discount of 3.1 cents to the proposed rate of 20.9 cents for non-automation 3/5-digit presort letters.

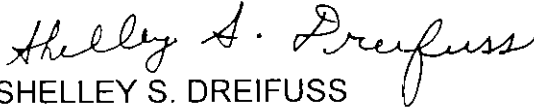
- a. Also confirm that the 3.1-cent discount reflects your election of a 130-percent passthrough of the 2.384-cent cost differential between 3/5-digit presort letters and 3-digit automation letters. (WP1, page 12).
- b. Please confirm that if you had passed through only 100 percent of the 2.384-cent cost differential, a 3-digit automation letter rate of 18.5 cents would result.
- c. Please confirm that an 18.5-cent rate for basic automation letters would be a 5.7-percent increase from the current rate of 17.5 cents.
- d. Please confirm that in PRC Op. MC95-1 at V-264, Table V-4, the Commission recommended a 100-percent passthrough for 3-digit automation letters and rejected the Postal Service's proposal to pass through 150.7-percent of the cost differential.
- e. Please confirm that the 90-percent figure discussed at USPS-T-36, page 18, line 12, refers to the determination to retain 90 (actually 91) percent of the current discount of 3.4 cents (i.e., the 20.9-cent 3/5-digit presort letter rate minus the 3-digit automation letter rate of 17.5 cents), yielding a proposed discount in this case of 3.1 cents (your WP1, page 12).

OCA/USPS-T36-18. Please confirm that the proposed rate of 16.0 cents for Standard A Regular Automation letters, 5-digit presort, was developed by applying a discount of 1.8 cents to the proposed rate of 17.8 cents for 3-digit automation letters.

- a. Also confirm that the 1.8-cent discount reflects your election of a 130-percent passthrough of the 1.361-cent cost differential between 3-digit automation letters and 5-digit automation letters. (WP1, page 12).
- b. Please confirm that if you had passed through only 100 percent of the 1.361-cent cost differential, a 5-digit automation letter rate of approximately 16.4 cents would result.
- c. Please confirm that a 16.4-cent rate for 5-digit automation letters would be a 5.8-percent increase from the current rate of 15.5 cents.
- d. Please confirm that in PRC Op. MC95-1 at V-264, Table V-4, the Commission recommended a 100-percent passthrough for 5-digit automation letters.
- e. Please confirm that the 90-percent figure discussed at USPS-T-36, page 18, line 13, refers to the determination to retain 90 percent of the current discount of 2.0 cents (i.e., the 17.5-cent 3-digit automation letter rate minus the 5-digit automation letter rate of 15.5 cents), yielding a proposed discount in this case of 1.8 cents (your WP1, page 12).

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.


SHELLEY S. DREIFUSS
Attorney

Washington, D.C. 20268-0001
August 8, 1997